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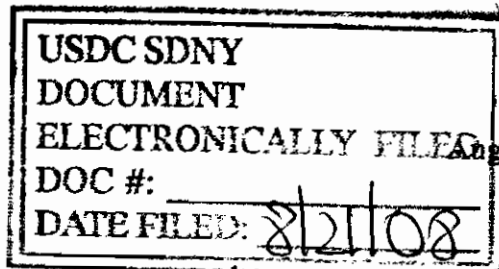
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August 19, 2008



VIA FAX (212- 805-7925) AND MAIL

Honorable Robert W. Sweet, U.S.D.J.
Daniel Patrick Moynihan
United States Courthouse
500 Pearl St., Room 1920
New York, NY 10007

Re: *Axion Power International, Inc., et al.*
v. Mercatus & Partners, Ltd., et al
Case No. 07 CV 11493 (RWS)

S. or d. d.
Sweet
USDC
8.20.08

Dear Judge Sweet:

We represent Defendants Mercatus & Partners, Ltd. and Stefano Cevolo, in the above referenced action. Subject to the Court's approval, counsel for Plaintiffs and we have agreed to the following schedule:

1. Plaintiffs' papers in opposition to our clients' motion to dismiss as to Defendant Cevolo and for a stay will be filed on or before August 27, 2008.
2. Our reply papers in further support of that motion will be filed on or before September 4, 2008.
3. The return date of that motion will be adjourned to September 4, 2008 at noon. However, the motion will be made on submission and no personal appearance by counsel will be required on that date.
4. Defendant Mercatus will answer or otherwise move with respect to the Amended Complaint on or before September 22, 2008.

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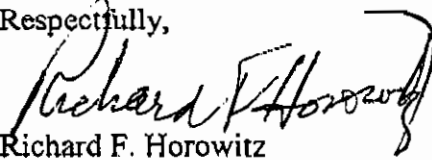
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5. In the event the Court denies Cevolo's motion to dismiss prior to September 22, 2008, Cevolo will also answer the Amended Complaint on or before September 22, 2008.

Respectfully,



Richard F. Horowitz

RFH:lt

cc: Alan S. Fellheimer, Esq. (All via email)

William P. Frank, Esq.

Donald Lewis, Esq.

James A. Prestiano, Esq.